

# COMMITTEE ON GOVERNMENT REFORM

TOM DAVIS, CHAIRMAN



## **NEWS RELEASE**

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### **Davis Praises House Approval of Bill to Eliminate Employee ‘Open Seasons’ in Thrift Savings Plan**

WASHINGTON, D.C. – Congressman Tom Davis (R-VA) is pleased to announce that the House of Representatives today approved by unanimous voice vote H.R. 4324, a bill to reform the federal Thrift Savings Plan to allow employees to make changes at any time to the amount of their own money they can contribute toward their retirement account.

Identical legislation, S. 2479, has already passed the Senate.

H.R. 4324, the “Thrift Savings Plan Open Elections Act of 2004,” was introduced by Congressman Davis. It gives greater financial flexibility to the 3.3 million federal employees and retirees who participate in the TSP, the federal government’s 401(k)-style retirement plan.

The Davis bill permits participants to begin or stop contributing to the TSP or to alter their contribution levels at any time, with the change to take effect “on the earliest date after the change is made.” Right now, participants can only start, end, or adjust their contributions during two periods of the year, the so-called “open seasons.”

“Every day, federal employees across the nation and around the globe perform critical duties that keep this nation running smoothly,” Davis said on the House floor today. “Away from work, they experience all of life’s events – births or deaths in the family, new homes, new jobs, salary adjustments, and so on. With enactment of H.R. 4324, TSP participants can adapt their retirement savings to meet their changing circumstances.”

The final version of H.R. 4324 does not affect when agency matching contributions take effect. Employees must wait until the second open season following their start of federal service to receive matching contributions of up to 5 percent of salary, meaning some employees receive agency matching funds after seven months, and some have to wait nearly a year. Davis intends to introduce legislation next year to address this internal inequity.

“Today is a great day for federal employees. Our work is not finished, however, and I look forward to working with my colleagues to make additional improvements to the TSP program in the near future,” he said.

H.R. 4324 also requires the Federal Retirement Thrift Investment Board, which oversees the Thrift Savings Plan, to periodically evaluate the investment options provided under the TSP and to report to Congress annually on TSP education efforts on behalf of plan participants.

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